



COLORADO DEPARTMENT OF HEALTH CARE POLICY & FINANCING

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Bill Ritter, Jr., Governor • Joan Henneberry, Executive Director

October 1, 2008

Dear Community Partner,

Concerns have been raised regarding the alternative care facility (ACF) services for long-term care clients in the community and "institution for mental disease" (IMD) concerns in the Colorado Medicaid program. I would like to take this opportunity to address some of these concerns and let you know what steps we are taking to find solutions.

You may be concerned how these issues affect your work with clients and family members. Our Department's primary concern is the well-being and safety of our clients. The most important part of this letter is that there has been no final determination that any ACF is in fact an IMD according to the Centers for Medicare and Medicaid Services (CMS) definition. At this time, we ask that you be careful to avoid alarming clients, ACF residents and family members by speculating about this with them or in their presence. We respect your obligation to interact honestly and truthfully with your clients so know that there may be circumstances where such discussions cannot be avoided. If you do find yourself in a circumstance where it has been necessary to discuss the potential of an ACF being determined to be an IMD with a client or family member, please contact me at 303-866-2991 or Barbara.prehmus@state.co.us.

Since September, 2007, the Department of Health Care Policy and Financing (Department) has been working to complete the necessary assessments of ACFs to refute concerns expressed by CMS that some ACFs in Colorado may meet federal definition for being an IMD. The Department and stakeholders will be meeting with the federal Centers for Medicare and Medicaid Services (CMS) staff on October 9, 2008 and hope to reach resolution on the issue at that time.

By way of background, in early August 2008, the federal CMS sent a letter to the Department reiterating concern that some alternative care facilities (ACFs) in the Medicaid program may meet the criteria for being considered an IMD, reinforcing that Medicaid payment to any such IMD is in violation of federal law, and notifying the Department that we have until December 31, 2008 to end any such payments.

The Department was already engaged in working with stakeholders to implement some best practices around alternative care facility (ACF) services, to develop a tool to help assess whether they meet the IMD criteria, to develop a protocol for the relocation of residents if that's needed and to strategize how best to meet client needs and maintain compliance with Medicaid law and regulations. As the result of the August letter, the Department shortened the timeframes for completing these tasks.

Between today and the October meeting with CMS, the Department will continue to work with the ACF community, advocates and other community stakeholders. During this time the Department will continue to share information about the IMD assessment tool that was drafted with input from a

statewide workgroup, keep you updated on any additional CMS communications we receive, continue to talk with ACF providers about options to consider **if** there is a need to develop a community transition plan for a specific facility, and post information on the Department Web site concerning either federal communications or Department responses to stakeholders. The Department's Web site address is: colorado.gov/hcpf.

After the October meeting with providers, advocates, other stakeholders and CMS, the Department will continue to share all communications that are received from the federal government and continue its dialogue with ACF providers, advocates and other stakeholders. In the event that the Department determines an ACF meets the criteria for being an IMD and the State risks losing its 50% federal funding match for residents in that ACF, the Department will advocate with CMS for a longer transition timeline so that it can occur safely and with minimal disruption to the client residents.

If you have any questions or further concerns, please contact me at (303) 866-2991.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Barbara B. Prehmus', with a stylized flourish at the end.

Barbara B. Prehmus,
Long-Term Benefits Division Director